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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 005888

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TAGS: [PREL](#) [PGOV](#) [MARR](#) [CH](#) [TW](#)
SUBJECT: TAIWAN'S UN REFERENDUM REMAINS SERIOUS CONCERN,
BUT USE OF FORCE UNLIKELY, CONTACTS SAY

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Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b) and (d).

Summary

1. (C) Current tensions over Taiwan President Chen Shui-bian's UN referendum, while serious, have not yet become a crisis, in part because of careful management by Washington and Beijing, in part because Chen has yet to cross China's "red line" of de jure independence, Embassy contacts commented this past week. Deputy Secretary Negroponte's public comments opposing the referendum were well received in China, one contact said, praising the choice of Hong Kong's Phoenix TV to pass that message. Despite "voices" to the contrary, Beijing is "highly unlikely" to use force to respond to the referendum, but conflict over Taiwan is not entirely out of the question. Under certain conditions, Chinese leaders might decide that using force and sacrificing China's economic development is the necessary price to pay for territorial integrity, or the only means for the Party, or individual leaders, to remain in power. Taking a long-term view, one contact warned that the rise in Taiwan of a non-Chinese "Taiwanese" identity threatens the cross-Straits status quo and has set both sides on a collision course. End Summary.

Taiwan's UN Referendum: Not a Crisis, Yet

2. (C) Embassy contacts continue to voice concern over Taiwan President Chen Shui-bian's "independence moves," including the referendum on membership in the UN under the name "Taiwan," but counterparts this past week emphasized that the situation has "not yet" become a crisis. Cao Huayin (strictly protect), Deputy Director General at the China Reform Forum (CRF), told Poloff on September 3 that careful management of the cross-Straits situation by Beijing and Washington has so far yielded results. The current tensions are "quite serious," because Chen Shui-bian and his "deep Green" supporters want to "change the status quo" and benefit from the resultant chaos, primarily by ensuring a DPP victory and "saving Chen's skin." While the situation has not yet reached crisis levels, there remains "great potential" for it to do so, should Chen continue to "push the envelope" on independence. Nevertheless, in the face of Chen's provocations, Beijing and Washington have been working "responsibly" to maintain the status quo and cross-Straits stability, which has been a stabilizing factor, Cao said.

13. (C) In this context, Beijing is "pleased" with Washington's public opposition to the DPP referendum, Cao stated. To date, China's assessment of the U.S. response has been "so far, so good." In particular, China welcomed Deputy Secretary Negroponte's comments opposing the referendum that

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were aired on Hong Kong's Phoenix TV, which garnered a great deal of positive attention on the Mainland. The decision to have the Deputy Secretary make his comments on Phoenix TV was a wise one, Cao said. Even though the satellite channel is not universally available on the Mainland, Cao commented that it is watched by "the people who matter."

14. (C) Separately, Kang Shaobang (strictly protect), Executive Deputy Director at the Central Party School (CPS) Institute for International Strategic Studies, on August 30 said he thought the current cross-Straits situation is "manageable" as long as Chen Shui-bian does not cross Beijing's "red line" of de jure independence. Despite Chen Shui-bian's provocative rhetoric, China will continue to focus on what Chen does, not what he says. Provided he does not, for example, do something to officially change Taiwan's name or revise its constitution, China will continue to show restraint. The DPP's UN referendum is nevertheless sensitive because its proposal to use the name "Taiwan" in joining the UN smacks of a name change and is a "dangerous step" that leads Taiwan down the path toward de jure independence, even though it does not itself cross that line. Kang observed that if the DPP were to change the content of its referendum by removing the "in the name of Taiwan" language, Beijing's concerns would be greatly alleviated.

15. (C) Chinese leaders do not desire conflict and believe the cross-Straits situation will improve in 2008, no matter who wins Taiwan's presidential election, Kang asserted. Both the KMT's Ma Ying-jeou and the DPP's Frank Hsieh are "much more moderate" than Chen Shui-bian. Therefore, Kang said, he is "optimistic" that we can weather the current "turbulence" in

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cross-Straits relations, again assuming Chen does not cross one of the PRC's "red lines" prior to his departure from office.

Military Force over Referendum Unlikely

16. (C) Chinese use of military force over the referendum is unlikely, three Embassy contacts separately assessed. The CPS's Professor Kang, while acknowledging that there are "voices" calling for military action against Taiwan sooner rather than later, said they are confined primarily to the PLA and remain "a minority." Meanwhile, China's political leadership is relatively "moderate" on the Taiwan issue. The CRF's Cao conceded that there are "hawkish" elements within the PLA and academia, such as Tsinghua University's Yan Xuetong, calling for military action against Taiwan now, based on the argument that the costs of fighting will only increase over time. But they are far from being in the majority. In one sense, China "needs such voices" for the purposes of "detering" reckless Taiwanese behavior, Cao asserted. The PLA's job is to prepare for all contingencies, and it has done so, which demonstrates to Taipei the possible costs of its behavior. But Cao underscored that the use of force would be a political decision, over which President Hu Jintao would have the largest say. Zhai Zhihai (strictly protect), a retired PLA intelligence officer who now heads his own consulting firm, told Poloff on September 5 that even though many of his former PLA colleagues are "ready to go at any time," the likelihood of military action against Taiwan solely over the UN referendum issue is "extremely low."

But Conflict Is Not out of the Question

¶7. (C) Although military action based solely on the UN referendum issue is unlikely, conflict over Taiwan is not entirely out of the question, our contacts assessed. Cao Huayin said that, if pressed into a corner, President Hu Jintao and other top political leaders could be forced to choose between China's continued economic development or preserving its territorial integrity. Zhai Zhihai agreed that, if Chen Shui-bian crosses a red line, Beijing will have to decide whether it is worth sacrificing its development in order to prevent Taiwan's (de jure) independence.

¶8. (C) Chinese top leaders' assessment of their own domestic political risk would also be a critical calculation in a decision on the use of force, Zhai said. Any indication of being "soft" on Taiwan is very dangerous in China. Under certain conditions, failing to take coercive action against Taiwan would make the Party vulnerable to public dissatisfaction and could lead to potential instability. Moreover, individual senior leaders could be subject to charges of "betraying" the Chinese motherland. In that sense, Chinese leaders could be faced with the choice of adopting non-peaceful means against Taiwan, or being toppled from power. Under such conditions, from the standpoint of remaining in power, fighting and even losing a war could be the most rational choice for China's leaders, Zhai said.

"Time is not on China's Side"

¶9. (C) Even if both sides weather the current cross-Strait tensions, "time is not on China's side," Zhai lamented. Increasingly, the residents of Taiwan identify themselves as "Taiwanese," not "Chinese." This change is slowly altering the status quo and setting both sides on a collision course as Taiwan's separation from China, and Chinese culture, increasingly becomes "real." To extricate itself from this "trap," Zhai said he believes Chinese leaders need to show political "courage" and "foresight." Even the "radical step" of recognizing the Republic of China would be better than simply standing by as Taiwan drifts toward becoming the "Republic of Taiwan," which would undoubtedly lead to a conflict in which we will all lose, Zhai concluded.
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